

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF determining
Whether there has been a violation of the
Securities Act of Washington by:

DJA INVESTMENTS, INC., DEVON JEANNETTE
ALCOTT and MICHAEL SCOTT PARKER

SDO- 04(A) - 00

STATEMENT OF CHARGES AND NOTICE
OF INTENTION TO ENTER ORDER TO
CEASE AND DESIST

Case No. 96-03-0046

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, DJA Investments, Inc., Devon Jeannette Alcott and Michael Scott Parker, have each violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 to cease and desist from such violations. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

I.

RESPONDENTS

DJA Investments, Inc. ("DJA") was a Washington corporation that had its principal place of business at N. 1815 Hutchinson, #72, in Spokane, Washington. Devon Jeannette Alcott ("Alcott") was president of DJA. Michael Scott Parker ("Parker") offered and sold DJA investments.

II.

NEWSPAPER ADVERTISEMENTS

In 1995, Alcott placed advertisements in *The Spokesman-Review* offering investments from DJA Investments Inc. with a 10% annual return, \$5,000 minimum investment and three-year to five-year maturities

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1 and secured by a first deed of trust against single family real estate. The advertisements invited prospective
2 investors to contact Alcott or Parker for more information.

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III.

PERSONAL SOLICITATIONS

In 1995, Parker and Alcott offered and sold DJA investments totaling more than \$150,000 to at least six investors, several of whom were elderly. At least two of the investors were Washington residents. The investors were promised an 11% annual return on five-year investments that would be secured by real property interests. The investors were told that their funds would be used by DJA to buy and sell real property.

IV.

NONDISCLOSURES

When offering and selling the investments described above, Parker, Alcott and DJA failed to identify specific properties that would be purchased and the property values, and they failed to disclose how much funding was required and how much had been raised to date. They failed to disclose that Alcott would use investor funds to purchase a home for herself and her daughter. They represented that investors would receive ten percent or eleven percent annual interest on the investments, with interest paid monthly, but they failed to disclose the risks of the investment, including the risk of inadequate capitalization. They failed to give the investors an income statement or balance sheet for DJA. They represented that the investments would be secured by real property, but they failed to identify any specific properties that would secure the investments, the value of the properties or the position of the security interests. They failed to disclose that they would not escrow investor funds and they would not record real property security interests in favor of the investors. They failed to disclose that Parker would receive an 8.5% sales commission for each investment that he solicited.

V.

DJA Investments, Inc. is not currently registered to sell its securities in the state of Washington and has not previously been so registered.

VI.

Devon Jeannette Alcott and Michael Scott Parker are not currently registered as securities salespersons or broker-dealers in the state of Washington and have not previously been so registered.

Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

CONCLUSIONS OF LAW

I.

The offer and/or sale of the investments described in paragraphs II and III of the Tentative Findings of Fact constitutes the offer and/or sale of a security as defined in RCW 21.20.005(10) and (12).

II.

The offer and/or sale of said securities is in violation of RCW 21.20.140 because no registration has been filed in the state of Washington.

III.

Devon Jeannette Alcott and Michael Scott Parker have each violated RCW 21.20.040 by offering and/or selling said securities while not registered as a securities salesperson or broker-dealer in the state of Washington.

IV.

The offer and/or sale of said securities was made in violation of RCW 21.20.010 because each of the Respondents made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

NOTICE OF INTENTION TO ORDER RESPONDENTS TO CEASE AND DESIST

Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondents, and their agents and employees, shall each permanently cease and desist from violations of RCW 21.20.010, 21.20.040, and RCW 21.20.140.

AUTHORITY AND PROCEDURE

This STATEMENT OF CHARGES AND NOTICE OF INTENTION TO ENTER ORDER TO CEASE AND DESIST is entered pursuant to the provisions of RCW 21.20.390 and is subject to the provisions of ch. 34.05 RCW. The respondents may each make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this order. If a respondent fails to request a hearing within the allowed time, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law and enter a Final Order to Cease and Desist against that respondent.

DATED this _____ day of January, 2000.

DEBORAH R. BORTNER
Securities Administrator

Presented by:

Janet So
Securities Examiner

Approved by:

Michael E. Stevenson
Chief of Compliance